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7 February 1962



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CENTRAL INTELLIGENCE BULLETIN



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DAILY BRIEF

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Communist China: The existence of continued opposition within the Chinese Communist party to Peiping's retreat from "leap forward" policies is implied in an editorial in the most recent issue of Red Flag, the party's theoretical journal. Condemning "separatism" and "neglect of party discipline," the

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editorial justified Peiping's decision to switch from its extremist economic programs to its present policy of "adjusting, filling out, and raising standards" by quoting Lenin's approval of altering programs "a hundred times" if necessary. [redacted]

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A high-level meeting or politburo session may now be underway; most of the Chinese Communist leaders have recently been identified as being in Peiping. The resolution of intra-party differences would be high on the agenda of issues to be discussed at such a meeting. [redacted]

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*Argentina: [redacted] Foreign Minister Carcano stated yesterday evening that the Argentine government has now decided to break relations with Cuba. He told US Chargeé Hoyt that the move will be made after other countries have been notified of the decision and as soon as the UN debate on Cuba's charges against the United States is finished. Carcano said that Uruguay and Argentina are working together on this and will sever relations with Havana simultaneously; he added that a special envoy was being sent to Chile in hope that it might be possible to get the Chilean government to take the same step. [redacted]

[redacted] Hoyt notes that the ability of the Argentine military leaders to maintain pressure on President Frondizi is probably still the key to assuring that Argentina will actually sever relations with Cuba. Argentine military officials had earlier told the US service attachés in Buenos Aires that they had a secret agreement in writing with Frondizi that there would be a break with Cuba, and they made clear their intent to insist that their demands for such action be met. They reportedly have been demanding that Frondizi act by 10 February, but may well be willing to go along with a short delay if convinced that the move definitely will be made. [redacted]

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Yugoslavia: An increase of ethnic nationalism in Yugoslavia's six republics is causing policy differences within the central government and may be hindering the implementation of Belgrade's economic and political programs. In mid-January, for example, Macedonian and Slovene members of the parliamentary committee charged with drafting a new constitution were so vehement on the issue of preserving "states' rights" that Tito's personal intervention was necessary to effect a compromise. Similar differences over the economic plan for 1962 led in late December to its open criticism in parliament, with two Slovene deputies taking the unprecedented action of voting

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against the plan. [redacted]

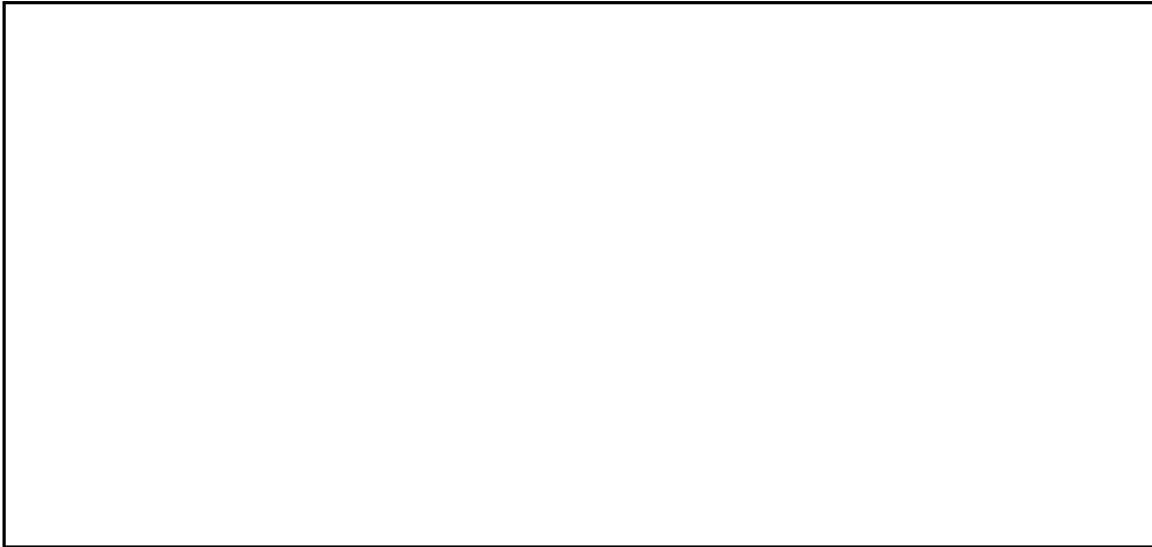
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Finland: The Communist-front Finnish People's Democratic League lost 3 of its 50 seats in the 4-5 February parliamentary election and will probably again be excluded from the cabinet. A majority coalition is likely to succeed the present minority Agrarian government. However, the victory of President Kekkonen's Agrarian party, which gained 7 seats to become, with 54 seats, the largest party in the 200-mandate parliament, is a further endorsement of Kekkonen's foreign policy that good relations with the USSR are vital for Finland's survival.

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In mid-January, Kekkonen won an overwhelming victory for re-election to a second six-year term as president. Moscow's satisfaction with Kekkonen's re-election, and with the latest arms negotiations, reduces the likelihood of any immediate Soviet pressure on Kekkonen to admit the Communists to a coalition government.

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Disssension Within the Chinese Communist Party

The Red Flag editorial is typical of Chinese Communist commentary over the past month on "intraparty ideological struggles." The attacks are directed at "certain comrades" who did not approve of the cutback to more realistic economic goals and still want to "accelerate the speed of work." These people, the editorial states, are out of touch with the attitudes of the masses and unable to distinguish what is practical and what is impossible.

Although at least two provincial first party secretaries closely associated with the "leap forward" program have been discharged or demoted, the regime evidently does not contemplate a major purge. A People's Daily article on 10 January emphasized Mao's dictum "to cure the disease, but save the patient." It urged severity in criticism but suggested that "organizational disposition" of erring individuals should not be necessary except in the most extreme cases. The authorities apparently feel that left deviationists are not likely to become a serious danger to the present leadership.

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Regional Independence Grows Markedly in Yugoslavia

Yugoslavia is composed of six republics and two autonomous regions containing six distinct nationalities. These peoples have diverse religious and cultural heritages, compounded by occupation of the north by the Austrians and the south by the Turks, which left Slovenia and Croatia relatively industrially developed and Macedonia, Montenegro, and Bosnia-Herzegovina poverty-stricken. The Tito regime has attempted to speed the growth of the backward areas, despite the resentment engendered in the other republics.

The growth of regional independence appears to stem primarily from the program of economic and political decentralization introduced with Western financial assistance early last year, and from the disappointing economic results achieved under this new program. Although the regime intended decentralization to spark local initiative and considers debate of economic issues healthy, it may feel that the regimes of the various republics have exceeded acceptable limits and fear that dissent may spill over into purely political questions.

Economic nationalism has become particularly evident in Slovenia, which in recent months has established its own air and shipping lines, apparently primarily for prestige reasons. Breaking with past practice and other republics, the Slovene parliament last month decided to enact a "resolution of direction" rather than an economic plan for 1962. This "resolution" will only outline broadly the aims and problems of the republic, such as productivity, industrial production, and exports.

The other republics are apparently also experiencing strong, though less obvious, surges of nationalism. The heads of both the Croatian and Bosnia-Herzegovinan parties are known to believe that the 1962 plan is unrealistic and excessive.

In the generally permissive atmosphere, open disagreement with official proposals has also been noted for reasons other than regional interests. The Yugoslav trade unions have, for example,

announced their opposition to a proposal for public financial participation in the public health plan. The rubber-stamp Yugoslav parliament in late December rejected draft amendments to an existing economic law on the grounds that it had not had time to study them. A group of deputies in the Montenegrin parliament in early December challenged a plan for redistricting courts and was defeated by only six votes. [redacted]

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